

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
W.R. GRACE & CO., et al.) Chapter 11
Debtors.) Case No. 01-1139 (JKF)
) (Jointly Administered)
)
)
) Related Docket Nos. 6244
) Hearing Date: September 27, 2004

**LIMITED OBJECTION OF THE FUTURE CLAIMANTS' REPRESENTATIVE TO
MOTION OF W.R. GRACE & CO. TO APPROVE SETTLEMENT AGREEMENT AND
RELEASE WITH THE KWELMBS COMPANIES**

David T. Austern, the legal representative for future asbestos claimants (the "Future Claimants Representative") appointed by this Court in the above-captioned Chapter 11 cases, by counsel, files this limited objection to the Motion for an Order Approving the Privileged and Confidential Settlement Agreement and Release with the KWELMBS Companies filed by W.R. Grace & Co., et al. (the "Debtors").

While the Future Claimants' Representative does not oppose the terms of the KWELMBS settlement agreement, the Future Claimants' Representative believes that the cash payment made to the Debtors' under the settlement agreement should be held in a segregated account for the benefit of present and future asbestos claimants, and should not be commingled with the Debtors' general funds. In asbestos cases, proceeds from insurance policies typically are a significant source of funding for the implementation of a plan of reorganization. Here, the parties anticipate that the Debtors will propose a plan on or before the expiration of the exclusive period, i.e., by October 14, 2004. Accordingly, the Future Claimants' Representative respectfully requests that the Court direct the Debtors to set aside and preserve the funds from

the settlement with KWELMBS for the benefit of asbestos claimants in connection with any plan of reorganization proposed by the Debtors and confirmed by the Court.

WHEREFORE, the Future Claimants' Representative respectfully requests that the Court (1) to the extent the KWELMBS settlement is approved, order the Debtors to segregate all funds paid under the settlement; and (2) grant such other and further relief as is appropriate.

Respectfully submitted,

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

Dated: September 10, 2004

/s/ Matthew W. Cheney

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* Pro hac vice application pending